

MINUTES OF A REGULAR MEETING
OF THE VINEYARD
REDEVELOPMENT AGENCY BOARD
July 27, 2016 – 7:58 PM

Present:

Chair Randy Farnworth
Boardmember Tyce Flake
Boardmember Julie Fullmer
Boardmember Dale Goodman

Absent:

Boardmember Nate Riley

Staff Present: Public Works Director/Engineer Don Overson, Building Official George Reid, Community Development Director Morgan Brim, Records Management Assistant Kelly Kloepper, Finance Director Jacob McHargue, Alternate Planning Commissioner Anthony Jenkins, Utah County Sheriff Deputy Collin Gordon.

Others in attendance: Gerald Anderson, Jeff Walker and Stewart Park with Anderson Geneva, John West and Jeff Gochnour with Cottonwood Partners, and residents Chris Judd and Anthony Jenkins.

The Vineyard Town Redevelopment Agency (RDA) held a board meeting on July 27, 2016 starting at 7:58 PM in the Vineyard Town Hall.

Chair Farnworth opened the meeting at 7:58 PM.

CONSENT AGENDA:

- a) Approval of the July 13, 2016 meeting minutes

Chair Farnworth called for a motion.

Motion: BOARDMEMBER FULLMER MOVED TO APPROVE THE CONSENT ITEM AS NOTED. BOARDMEMBER GOODMAN SECONDED THE MOTION. ALL PRESENT WERE IN FAVOR. MOTION CARRIED WITH ONE ABSENT.

BUSINESS ITEMS:

2.1 DISCUSSION AND ACTION – Cottonwood Geneva, LLC Application

Cottonwood Geneva, LLC is requesting RDA funds to assist with the installation of roads, utilities, infrastructure and environmental cleanup.

Chair Farnworth asked the Board if they had questions.

Boardmember Flake asked if they wanted the money now, and John West with Cottonwood Partners said yes. Boardmember Flake wondered if the town had the money. Chair Farnworth said if the RDA Board wrote a check for \$1.5 million, they would lose control over where the money went. He suggested that as they used the money, that they send in an invoice so as to provide a paper trail. Mr. Gochnour said that was what they anticipated. Mr. Church said that if

the Board approved the application, it would not be handing over the money, but entering into an agreement that detailed those conditions, and that the agreement would be structured in the same way as previous agreements, such as those for the UVU property and the Megaplex.

Mr. West said the applications in question did not lend themselves to much more discussion. Boardmember Flake expressed the need to verify the details because of the Board's stewardship over taxpayer money. Chair Farnworth asked Mr. McHargue if he had anything to add. Mr. McHargue replied that there was money in fund balance that was not currently committed to specific projects. Chair Farnworth expressed concern at endangering other commitments that the Board had already made.

Mr. Church explained that the bonds were outside of the unallocated funds balance. Gerald Anderson disagreed, saying that their contract on the UVU property said that they receive fifty percent of the uncommitted monies, and that had not been the case. Chair Farnworth remarked that this was his concern, and that he did not want the Board to get into a grey area. Mr. McHargue explained that the only outstanding debt for the current year was the bond payment that was due in November. Chair Farnworth stressed the importance of the Board doing their due diligence. Mr. McHargue said that he would discuss this more with Cody Deeter of Lewis Young Robertson & Burningham (Lewis Young) the following day.

The Board agreed to hear public comment.

Gerald Anderson with Anderson Geneva explained that he had provided the Board with a copy of the contract which stated that Cottonwood Partners would not seek RDA funds beyond what was generated from their site. He expressed frustration that now Cottonwood Partners was requesting RDA funds in advance of what was generated on their site. He added that when Cottonwood Partners requested rezoning, Jeff Gochnour stated that they would not be requesting RDA funds. Mr. Gochnour interjected and said that that was not accurate. Mr. Anderson expressed frustration with the process and said that they were trying to incorporate these conditions in advance through contracts, so that this did not continue happening. He felt that Anderson Geneva was being held to a different standard.

Chair Farnworth expressed the priority of not jeopardizing current commitments by making new commitments. Mr. Church assured Anderson Geneva that the town would honor the agreements they had made. Boardmembers Flake and Fullmer expressed the same concern. Chair Farnworth asked Mr. Church for the record if anyone had the right to approach the town for RDA funds. Mr. Church explained that Alpine School District had purchased some land from Flagship Homes and would be seeking some of that money.

Chair Farnworth turned the time over to John West to respond.

Mr. West believed that several things stated by Mr. Anderson were inaccurate. He explained that the discount on the purchase price was a negotiated point, and that the costs were higher than they had anticipated. He concluded that to infer that Cottonwood Partners was going to get a windfall was misleading. He said that they felt it was a fair proposal, and that most of the work would be a public road that the city would own. About the environmental request, he explained that they had a commitment from Anderson Development that would allow Cottonwood Partners to use their temporary storage facility, which would dramatically reduce the cost of removing

material from their site. They had since been told that they could not use it, so they determined that it fell under the same category as Anderson Geneva's request from the RDA.

Chair Farnworth asked if the Board felt ready to move forward.

Resident Chris Judd asked if the funds were going to only public and not private roads. Mr. Gochmour said yes, and Mr. West said that it would benefit everybody in the project. He added that they had tenants who would like to be in by the end of next year. Chair Farnworth noted that the Board did use RDA funds to develop Mill Road and the main roads, and that it did not come out of the general fund. Mr. Overson confirmed that this was correct.

Chair Farnworth called for a motion.

Motion: BOARDMEMBER FLAKE MOVED THAT THE BOARD APPROVE THE APPLICATION WITH THE CONDITION THAT THEY MEET THE REQUIREMENTS FOR SUBMITTING DOCUMENTS AND INVOICES.

Mr. Church stated the need to make it subject to coming up with an agreement for the use of funds consistent with the application that is agreeable to both parties, and then the Board would bring the final agreement. Mr. Church said that he and Mr. Overson would meet with Cottonwood Partners and decide the best and most efficient way to build the road and do the cleanup.

Boardmember Fullmer said that the Board was not late on their payments, and asked for clarification of what Anderson Geneva's concern was. Mr. McHargue explained how the RDA payments were going to Anderson Geneva according to the agreement. He added that he and Cody Deeter had analyzed the process earlier this year. He emphasized that they believed that the Board was in compliance with the way the contracts were established.

Motion: BOARDMEMBER FLAKE MOVED THAT THE BOARD ENTER INTO A NEGOTIATION WITH COTTONWOOD PARTNERS FOR A PLAN TO DELIVER RDA FUNDS SUBJECT TO FUNDS BEING UNENCUMBERED.

Chair Farnworth emphasized the need to make sure that the Board was meeting their obligations.

Mr. West asked that the Board approve the application with a condition that the method of payment be negotiated. Mr. Church explained that the first in line for RDA funds were the three bonds, the next was the contract with Gerald Anderson for UVU, and then the Megaplex. Further discussion ensued about RDA payments. Mr. Church concluded that there was some money available in the unallocated fund balance, and that the Board would check that before signing the contract.

Jeff Walker with Anderson Geneva requested that the twenty percent of low income housing money be delineated in the budget instead of being part of the lump sum funds available for general use. Mr. Church answered that it could, but for remediation only. Chair Farnworth clarified that the twenty percent could not go into general fund. Mr. Church explained that it was unallocated money that could go to either housing or remediation. He added that there was also money available from Mr. Overson's infrastructure bond that had not been spent yet that could go to build the roads.

Motion: BOARDMEMBER FULLMER SECONDED THE MOTION TO APPROVE THE APPLICATION PENDING THE NEGOTIATION OF THE SPECIFICS OF THE ALLOCATION AND AVAILABILITY OF THE MONEY PER THE ASSIGNED USES. ALL PRESENT WERE IN FAVOR. MOTION CARRIED WITH ONE ABSENT.

Mr. Church said that he would put together a contract for the Board's review and approval.

Boardmember Goodman remarked that the town had been working to move commercial development forward, and emphasized that the sooner we got development in the space, the better it would be for the RDA and for everyone involved.

2.2 DISCUSSION AND ACTION – Anderson Geneva, LLC Application

Anderson Geneva, LLC (AG) is requesting the Vineyard Town RDA Board approve funding for the remediation of the west side of the Geneva Property that will be the future Vineyard Town Center.

Chair Farnworth turned the time over to Gerald Anderson.

Mr. Anderson expressed gratitude to the Board for their help with east side remediation of the Geneva Property. He reviewed the process they used in working with U.S. Steel on the east side cleanup and explained that they would follow the same process for the west side. Anderson Geneva was requesting a commitment for the money. Once they got the commitment from the Board they would sign a contract with U.S. Steel and then come back to the Board with a timeline and proposals on how to appropriate the money.

Mr. Anderson showed the Board a map of the area. He explained that they were proposing to clean up everything north of 800 North and put it into a repository because of the difficulty in getting a Containment Area Management Unit (CAMU) approved by the Department of Environmental Quality (DEQ). He further explained that the difference between the two is that the repository would take impacted material (which is defined as material with too much of a substance such as sulfur or nitrogen), instead of hazardous material. The repository site could be used as a park, cemetery, or for other uses.

Mr. Anderson outlined the process of cleaning up the site step by step.

Mr. Anderson reviewed the amounts that they were requesting:

- \$4,736,760 to grub the site and remove the Oil Reclamation Area (ORA) soils.
- \$2,000,000 to move the ORA soils to the Transit Center site.
- \$1,000,000 for Operation and Maintenance (O&M) for thirty years. He explained the responsibilities of owning the property, including the required annual tests and reports.
- \$750,000 for the new storm drain.

The total request from the RDA was for \$8,486,760. Mr. Anderson said that the total project cost was about \$12.8 million.

Mr. Anderson reviewed the property tax revenue projections for the site.

- Office space – 2,000,000 square feet - \$5 million per year.

- Residential – 3,000 residential units - \$6 million per year.
- Retail – 150,000 square feet - \$300,000 per year per year, in addition to any sales taxes generated.

The total estimate of the financial impact on the town was approximately \$11.3 million per year in property taxes.

Mr. Anderson concluded, stating that this project fulfilled the purpose of the RDA, which was to clean up the Geneva property. He asked the Board if they had questions.

Boardmember Goodman asked if the repository would have the same structure as the CAMU. Mr. Anderson replied that CAMU was rubber lined, and that the repository was not since it would have contaminated rather than hazardous soil.

Chair Farnworth asked if the town would be paying for the ongoing maintenance for the CAMU and the repository. Mr. Anderson said that U.S. Steel would be paying for the ongoing maintenance for the CAMU. Further discussion ensued about the annual testing and maintenance that the DEQ required, and how if ownership were to transfer, the new owners would have the \$1 million in O&M funds to pay for that over thirty years.

Chair Farnworth stated that with the \$8 million investment, he understood that the town could use the repository site as open space or for a cemetery, and he wondered what other options might be available that could generate more tax revenue for the town.

Chair Farnworth also initiated a discussion about the concrete piles on the UVU property. Mr. Anderson said that Mike Dunn had been contracted to remove and crush the concrete for UVU.

Resident Anthony Jenkins asked to make a comment. He asked if it was typical for the developer to not put money into the project. Mr. Anderson replied that Anderson Geneva had already put in \$15 to \$18 million on the east side, and had committed to \$15 million on the west side. U.S. Steel had put in \$63 million and the RDA had put in \$24 million. He added that the final RDA amount could be less than but not greater than \$24 million. Mr. Walker explained that no one wrote a check but that the process was based on receipts and actual costs, and that it included competitive bidding and city approvals, with everything subject to DEQ approval. Mr. Anderson said that without the RDA funds they would not have had the money to pay for the cleanup already completed on the east side. He reminded the Board and Mr. Jenkins that the reason for the RDA was to clean up the Geneva Steel site, not to build roads and other infrastructure.

Mr. Walker stated that there were parts of the west side that they had already cleaned, and they have not asked to be reimbursed for that. Mr. McHargue and Mr. Walker engaged in a discussion about the application not reflecting the money Anderson Geneva had already spent on the site. Chair Farnworth concluded that it was important for public perception that the application include that information.

Chair Farnworth reiterated his concern about maximizing the potential for tax revenue. He cited the example of UVU, saying that while it served as an anchor and helped to bring in the transit center, it did not pay taxes to Vineyard. A discussion ensued between Chair Farnworth, Mr.

Anderson, and Mr. Walker about the cost to Vineyard and the \$11.3 million estimated annual tax revenue to Vineyard. Chair Farnworth concluded that it was a great investment. Chair Farnworth was concerned about the RDA costing the town more than \$350 million and the need for the town to remain solvent. Stewart Park with Anderson Geneva replied that everything on the west side, except the park, would be taxable development.

Boardmember Flake sought clarification from Anderson Geneva on how this would move forward if approved. Mr. Anderson replied that they would return to the Board with the proposal of how the money would be funded. Boardmember Goodman asked about the timeline for the west side remediation project. Mr. Anderson estimated that it would take eighteen months, adding that it would be available to develop in late 2017. Mr. Walker commented that Anderson Geneva would need to front-load the funding and then seek reimbursement from the RDA as the increment is being generated.

Mr. Church sought to verify that this would be a commitment to commit, and that Anderson Geneva would return to the Board with the specific project proposals. Mr. Anderson replied that they started to clean up the project in good faith but did not get reimbursed, and that they would not make the same mistake again. He stated that he was looking for a commitment from the town for up to \$8.5 million for the west side remediation, but with no appropriation. Mr. Church clarified that before Anderson Geneva did the work, they would come to the Board with more detailed contracts.

Mr. Anderson expressed concern about other entities getting RDA funds approved. Mr. Church said that the only ones getting in line for RDA funding were the ones that he sold land to, and he reminded them that RDA funding did not go to people but to the land.

Chair Farnworth called for a motion.

Motion: BOARDMEMBER GOODMAN MOVED THAT THE BOARD APPROVE THE RDA DEVELOPMENT APPLICATION FROM ANDERSON GENEVA AS PRESENTED WITH THE STIPULATION THAT IT BE UNENCUMBERED MONEY WITH THE RDA FUNDING NOT TO EXCEED \$8,486,760 AND THE DISPERSAL OF FUNDS TO BE NEGOTIATED AT FUTURE DATES. BOARDMEMBER FLAKE SECONDED THE MOTION. ALL PRESENT WERE IN FAVOR. MOTION CARRIED WITH ONE ABSENT.

Mr. Anderson asked the Board about Walmart, stating that he needed a commitment. Chair Farnworth asked where it stood. Mr. Walker indicated that the Walmart was the one component on the east side that had not been resolved. He added that they had a contract from Walmart and that Walmart's agent was regularly contacting them seeking an update. Mr. Anderson explained how they developed the Walmart at 114th South in South Jordan using RDA funds.

Chair Farnworth asked for input from the Board. Boardmember Goodman said that since it was not on the agenda, there was no action they could take. Mr. Brim suggested putting it on an agenda and mentioned that there was consternation among the Development Review Committee (DRC) about a property buy-down since there were too many unknowns and that the primary purpose of the RDA was remediation. Mr. Brim observed that this was a good discussion for the Board to have, to determine their priorities for the RDA: remediation, infrastructure, and if they were willing to go as far as to do property buy-downs. This led to a discussion about what was done with the Megaplex when it received RDA funding.

Mr. Brim pointed out that another issue was that the property was not technically zoned yet. He asked the Board what zoning they wanted to have there at the gateway to the city.

Mr. Brim recommended a work session to discuss the Walmart.

The Board agreed to put this item on the next agenda.

Mr. Anderson asked Boardmember Fullmer about the apparent groundswell of Vineyard residents on social media who were opposed to a Walmart. Boardmember Fullmer responded that she also knew about a petition and an email sent to the town regarding the Walmart, but added that she wasn't sure what all of their concerns were. She said that she had done some research and learned that property values actually went up after some Walmarts were built. She mentioned that she knew that another one of the concerns was a desire for variety, since there were other Walmarts near Vineyard. Mr. Walker stated the need for Anderson Geneva to engage in outreach, to educate the public about how Walmart had evolved and that this would be a different type of Walmart. Boardmember Fullmer agreed. Boardmember Fullmer told them that she would forward them the email and then distribute their response.

There was a discussion about how residents would prefer other retailers, such as Trader Joe's. Mr. Anderson commented that just because people wanted a Trader Joe's didn't mean that Trader Joe's wanted to come to Vineyard. Boardmember Fullmer observed that residents who would prefer a Harmon's might not be aware that the town tried to get a Harmon's and a Smith's, and that residents were not aware of the criteria for getting those chains to agree to come to Vineyard. Mr. Anderson added that one factor was that potential businesses looking at the site were concerned about environmental issues.

Boardmember Fullmer asked if it would be the biggest Walmart in Utah. Mr. Anderson said yes, and added that this Walmart would be 180,000 square feet and would include an internet fulfillment center. He noted, for reference, that the Walmart on 114th South in South Jordan was 120,000 square feet.

ITEMS REQUESTED FOR NEXT AGENDA --

Walmart portion of the original application Anderson Geneva application received May 10, 2016

ADJOURNMENT

Chair Farnworth called for a motion to adjourn the meeting.

Motion: BOARDMEMBER FULLMER MOVED TO ADJOURN THE MEETING AT 9:34 PM. BOARDMEMBER GOODMAN SECONDED THE MOTION. ALL PRESENT WERE IN FAVOR. MOTION CARRIED WITH ONE ABSENT.

RDA meetings are held as needed.

MINUTES APPROVED ON: August 24, 2016

CERTIFIED CORRECT BY: /s/ Kelly Kloepper
KELLY KLOEPFER, RECORDS MANAGEMENT ASSISTANT